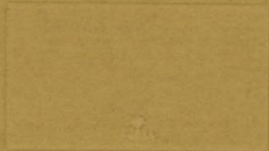
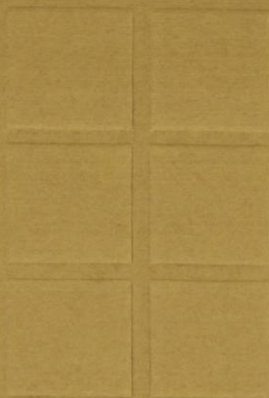


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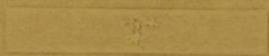


**1970
Annual
Report**

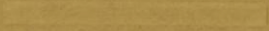
GEO. A. HORMEL & CO.
AUSTIN, MINNESOTA 55912
FISCAL YEAR ENDING
OCTOBER 31, 1970



Hormel



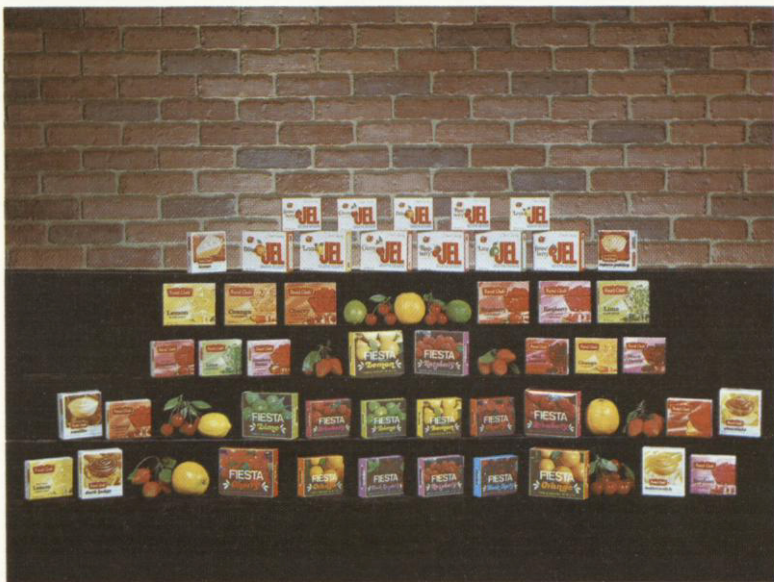
Product
Lines



Home







Full Line of Fiesta Gelatin Desserts

The Hormel Company enhances its wide variety of fine meat products with a colorful and wholesome line of desserts. The Fiesta gelatin desserts shown above are manufactured and distributed by Hormel in eight flavors — including such popular ones as Cherry, Lime, Strawberry and Orange. Hormel is a major manufacturer of gelatin desserts and puddings for many other well-known, nationwide food companies.



**Chef's Delight Line
Of Fine Food Products**

Here is the "line-up" of Hormel canned meat entrees — familiarly known as Chef's Delight. Prominent in this line is Beef Stroganoff, Roast Beef Hash and Corned Beef Hash, and many others. The Hormel Total Meat Program for "away from home" eating includes this diversified line of canned meat entrees and a broad selection of frozen prepared entrees.



The “mini-meals” From Hormel

These are the “mini-meals” from Hormel. Available in 7½ ounce cans, these convenience foods offer quick, light and appealing snacks and meals. Old favorites like Hormel Chili, Dinty Moore Beef Stew and Mary Kitchen Corned Beef Hash are included with newer Hormel “hot meal” food products to provide plenty of good eating for hungry lunch goers everywhere.



**Hormel is the
Word for Variety**

Hormel is noted for its many brands of ham. Spiced Ham, Chopped Ham and Hormel XL Ham are extra lean and ready for slicing. Pure Pork Luncheon Meat and Spiced Luncheon Meat are also popular for use at lunch or snack time. Firm and flavorful with rich, meaty color and flavor. Ready to eat hot or cold, these are all fine quality products which will satisfy even the most discriminating consumer.



Serving Suggestions for Lunch or Dinner Time

Four of the more popular Hormel "mini-meals" are pictured here — each one containing a delicious serving of nutritious food. (The complete product line is shown elsewhere in this booklet). Hormel Pigs Feet, fully-cooked, semi-boneless and pickled in vinegar, is a delicacy item. Hormel Vienna Sausages and Hormel All Meat Wieners are ideal serving suggestions for the outdoor and traveling family.



Meat Spreads — All Meat and All Delicious

Great for snacks, dips or sandwiches, the Hormel meat spreads are popular with men and women and boys and girls of all ages. SPAM Spread, Deviled Ham, Potted Meat Food Product, Old Smokehouse Meat Spread and others are smoothly ground and easy-to-spread items that are manufactured with a blend of natural spices and seasonings — each producing an appealing flavor for all hors d'oeuvre lovers.



The Mary Kitchen Product Line

Mary Kitchen Roast Beef Hash and Mary Kitchen Corned Beef Hash provide meaty good meals. Fresh oven-roasted beef is used in Mary Kitchen Roast Beef Hash. Lean corned beef cooked with subtle spices and then coarse chopped with firm white potatoes is used in Mary Kitchen Corned Beef Hash. Mary Kitchen makes hash the way you'd make it if you had all the time in the world!



Hormel Chili — With Or Without Beans

No one else makes chili the way Hormel makes it — with lean beef, choice Idaho beans, plump tomatoes and tangy spices all simmered together to bring out that real chili flavor. That's why Hormel Chili is the No. 1 selling chili in the country. Hormel Chili is available in various size cans with or without beans added. Hormel Tamales is a south-of-the-border specialty made to American tastes.



A Sense of Quality

For over three-quarters of a century, the heritage of the Hormel Company has been based upon strict adherence to quality. From the very beginning, George A. Hormel's major concern was that quality be built into each product.

Today, this same concern is expressed by some 8,000 employees who have a strong sense of personal pride and responsibility for what they do on the job each day.

A salesman, production or office worker and livestock buyer — these and all other Hormel employees have become skilled craftsmen, in effect, "artists" in their chosen profession.

The colorful and versatile line of Hormel Fine Food Products included in this booklet were produced through the cooperative efforts of thousands of Company employees who have a "Sense of Quality."





The Dinty Moore Product Line

This is the Hormel Company's Dinty Moore product line — a variety of famous foods which are great for kids, for single men and women and for sportsmen. Dinty Moore Beef Stew is America's favorite ready-to-serve stew. Dinty Moore Meat Ball Stew and Dinty Moore Corned Beef are other mouth-watering foods which are quick family favorites.



SPAM — The Famous, Original Luncheon Meat

No matter how you prepare it, SPAM comes through with the just-right meaty touch for hundreds of inspired and nourishing meals. It's all lean, juicy pork shoulder and famous Hormel Ham with the can't-be-copied flavor. You'll enjoy SPAM — available in 7 oz. and 12 oz. sizes — and will also want to try the two new taste ideas, Smoke Flavored SPAM and SPAM with Cheese Chunks.



Choice Steaks Provide Plenty of Good Eating

Hormel has a wide selection of choice steaks — including the Top Sirloins, New York and Filet Mignons. The flavor and tenderness of these steaks is incomparable. From beef loins, chucks, rounds and other top-quality wholesale cuts (shown above) come the choice standing rib roasts, pot roasts, short ribs and steaks which provide plenty of wholesome, tasty meals.



Pork Cuts Offer Excellent Menu Variety

Pigs are not all pork chops, as clearly shown in this photograph. Bone-in and boned loin roasts, whole tenderloins, spareribs, shoulder butts and other pork cuts produce distinctively different dishes — all delectable and excellent eating. Still other products, Hormel Lard and Hormel Shortening and Mary Kitchen Pie Crust, are popularly used in making pastry that is especially tender and flaky.



Dry Sausages — Popular For Canapes or Sandwiches

Only the choicest meats — zestfully seasoned and aged like fine wines — are used in Hormel Dry Sausages. These popular delicacies are sold by the Hormel Company in many forms — in rolls of various sizes to be sliced at the delicatessen, in packaged slices for the customer, or in chunks for home slicing. Dry Sausages are wonderful for canapes or party sandwiches.



Luncheon Meats in Chunk or Sliced Form

Hormel Perma-Fresh luncheon meats are superbly-flavored and conveniently pre-sliced in attractive, eye-appealing packages which assure freshness and flavor. These masterfully-cooked luncheon meats are also available in large loaves for slicing at the supermarket or in your own home. Hormel manufactures a wide variety of luncheon meats to please the individual tastes of all consumers.



Hormel Cure/81 Ham, Range Brand and Black Label Bacon

Fresh, lean bacon — produced from choice bacon sides — are expertly cured and smoked to provide a wonderful, mouth-watering fragrance and taste in every slice. The famous Cure/81 Ham, a boneless, ready-to-serve ham that has the haunting, smoky flavor of years past, is carefully cured and smoked and given an individual registration number. Hormel packages and registers Cure/81's in half-hams as well as whole hams.



**Hormel Wieners,
Canned Hams and Sausages**

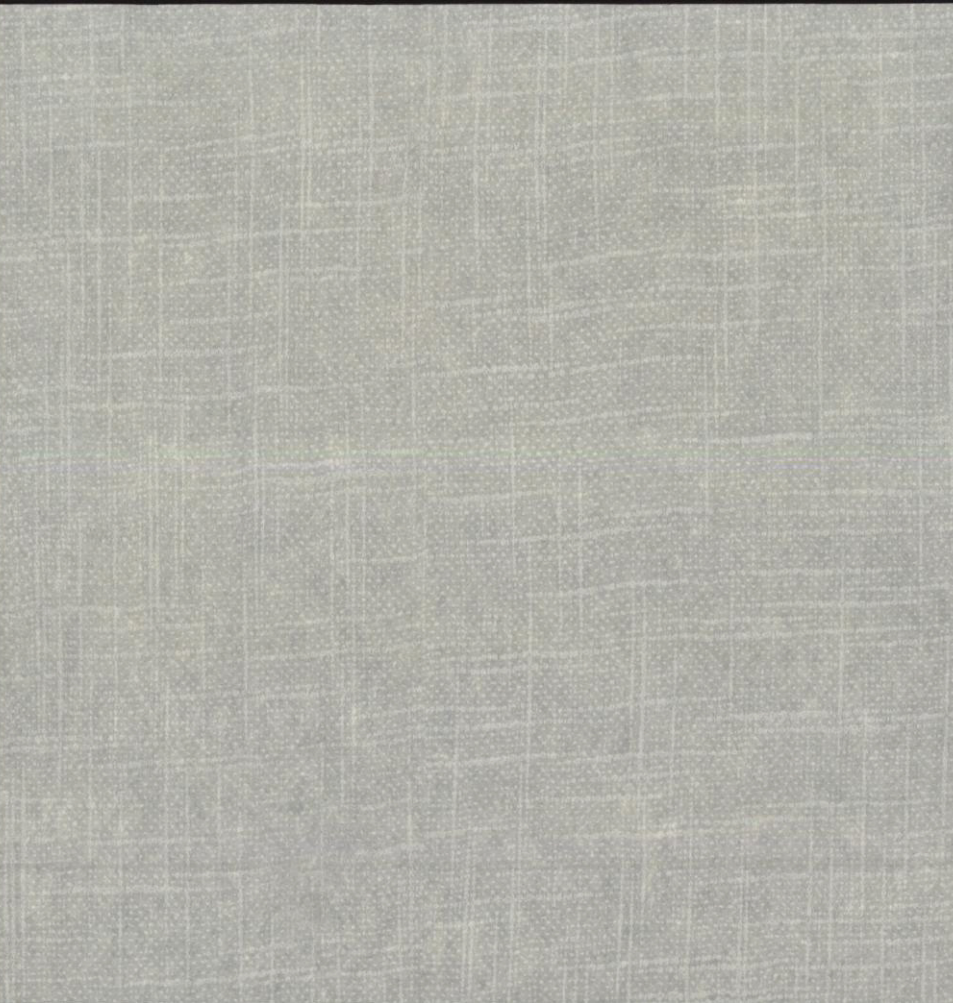
Plump, juicy Hormel wieners are a treat for the entire family. These deliciously spiced, smoke-cooked wieners have a distinctive fresh taste and flavor. The famous Hormel Ham — America's finest ham in a can — is cooked in its own natural juices and ready to eat or heat. Little Sizzlers, Brown 'n Serve and Midget Links are fine examples of Hormel sausages that are a real delight at mealtime.

In this small booklet, you will find colorful photographs of Hormel product lines. Whether it's breakfast, lunch or dinner, a snack, picnic, cookout or a formal party, there is a Hormel Fine Food Product that's just right for the occasion.

SPAM, Hormel Cure/81 Ham, Dinty Moore Beef Stew, Range Brand and Black Label Bacon, these and other Hormel products are designed to meet the homemaker's needs for wholesomeness, freshness and flavor, convenience and variety. Each Hormel Fine Food Product is a real eating delight!

Take a close look at the many popular Hormel products included on the inside pages of this booklet and, finally, give them the real test — purchase one at your next trip to the supermarket.







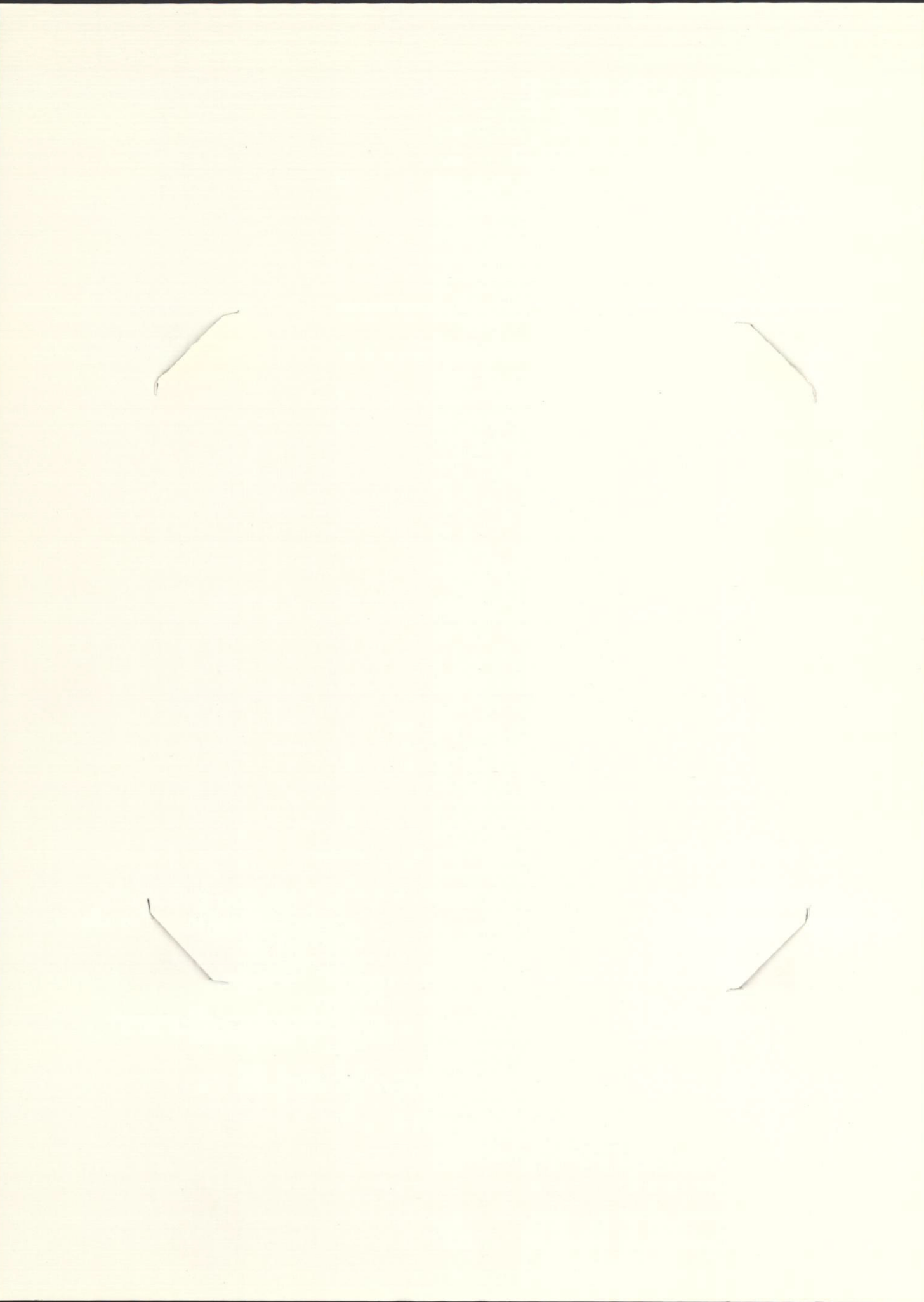




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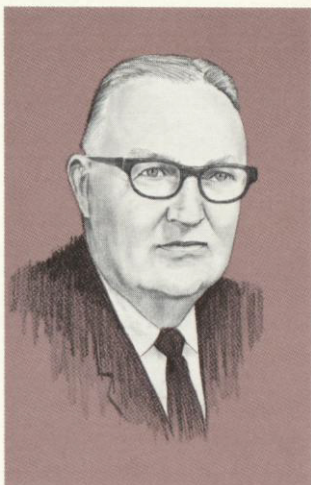
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NOTICE OF ANNUAL MEETING

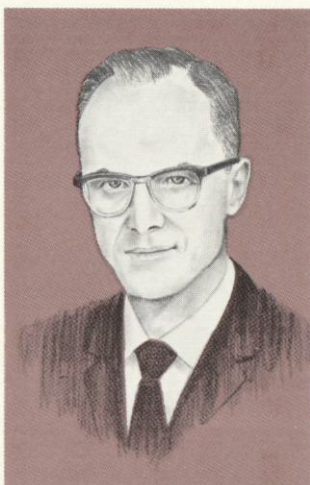
The annual meeting of shareholders will be held at 8 p.m., on Tuesday, January 26, in the Austin High School Auditorium, Austin, Minnesota.

All shareholders are cordially invited to attend.





M. B. THOMPSON
Chairman of the Board



I. J. HOLTON
President

Austin, Minnesota
December 18, 1970

TO THE SHAREHOLDERS
OF GEO. A. HORMEL & COMPANY

The year 1970 started a new decade of growth and expansion for the Hormel Company. While the past 10 years were good ones for the Company and its shareholders, the outlook for the Seventies is even more encouraging.

This Annual Report provides us with a welcomed opportunity to describe our results for the past year and to give particular attention to the many factors which contributed to this record of success. Financial details, a review of current and projected capital investments, and a summary of marketing plans can be found elsewhere in this Report.

In this decade of the Seventies, the Hormel Company's role in the world will become increasingly important. The professional dedication of our employees, the good will of our customers and suppliers, and the loyalty of our shareholders should make this exciting period a rewarding and highly-successful one for all of us.

I. J. Holton
I J Holton

1970 HIGHLIGHTS

*Net earnings establish new
Company record.

*Sales increase 11 per cent over
1969 total.

*Quarterly dividend rate increased
to 37½ cents per share.

Net Sales	\$695,768,388
Net Earnings after taxes	\$ 9,933,247
Per Share of Common Stock	\$4.17
Per cent of Sales	1.43%
Dividends to Stockholders	\$ 3,332,347
Per Share	\$1.40
Capital Expenditures	\$ 11,929,905
Depreciation	\$ 4,917,699
Working Capital	\$ 37,818,140
Stockholders' Investment	\$ 83,081,361

THE YEAR IN REVIEW

"New decade of growth
is started...Dollar sales
at all-time high,
earnings at record levels
and dividends to
stockholders were increased..."

The year 1970 was another year of record operating performance for Geo. A. Hormel & Company. For the 53 weeks ended on October 31, 1970, earnings, earnings per share of common stock, and sales were the highest ever recorded.

Net Earnings Establishes New Records for Company

A new high was attained in net earnings for the year at \$9,933,247, an increase over last year of \$697,646. The earnings in 1970 were \$4.17 per share of common stock as compared to \$3.88 per share the preceding year. The Federal surtax on income was reduced to five per cent on January 1 and eliminated on July 1.

Eligible Hormel Company employees shared in Joint Earnings for the 32nd consecutive year, receiving \$2,746,659 in 1970. A total of \$37,452,740 has been allocated to Joint Earnings since the beginning of this program.

Sales Reach New High; Increase 11% Over 1969

Sales for 1970, after returns and allowances, were \$695,768,388, an increase of 11.1 per cent over the previous year. Sales for 1969 were \$626,017,304.

Nearly \$12 Million Spent In 1970 On Capital Investments

The Hormel Company continued its program of improving and expanding facilities. Slightly less than \$12 million was spent in 1970 on additions to property, plant and equipment. A portion of this capital program represents replacement of facilities, but much of it provided for increased production capacity and improvements in operating efficiency.

The 1971 capital improvement program is estimated to be in excess of \$10 million.

Depreciation for the fiscal year 1970 was \$4,917,699, as contrasted to \$3,829,716 the previous year.

Dividend Rate Is Increased; Fifth Time Since Jan., 1967

Dividends paid and accrued were \$3,332,347. The Board of Directors increased the quarterly dividend rate from 35 cents per share to 37½ cents per share, effective with the dividend payable on February 15, 1971.

This was the fifth increase in the regular quarterly dividend rate since January 1, 1967. The February dividend will be the 170th consecutive quarterly dividend paid by the Company.

**Over \$6 Million
Added to Employee
Pension Trusts**

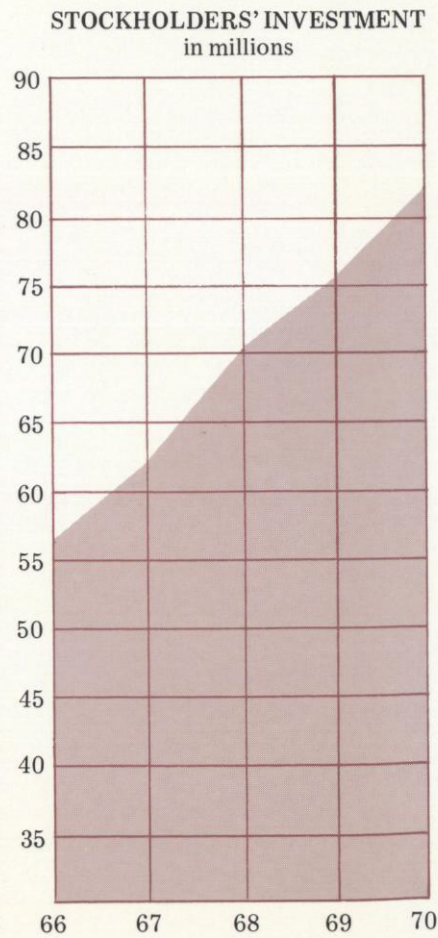
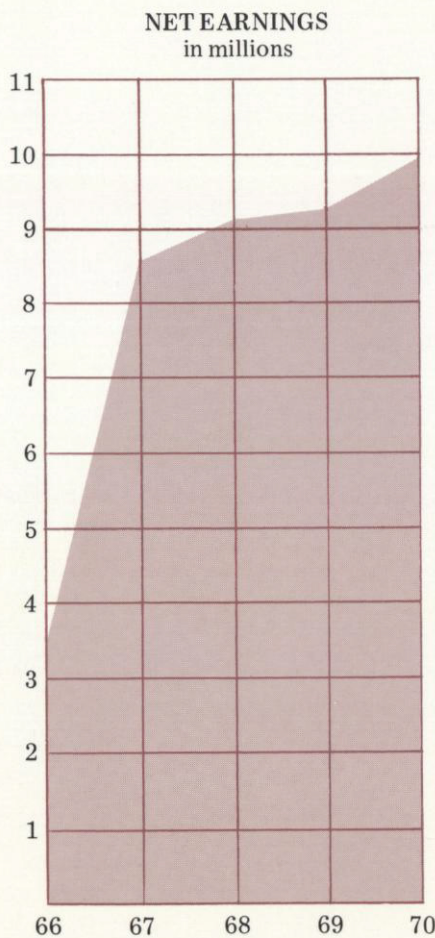
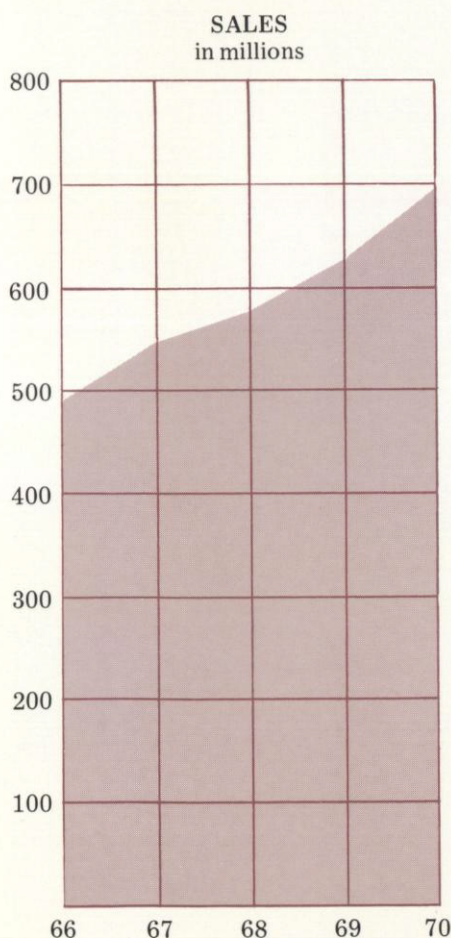
The provision for current and past services under the Employee Pension Trusts for the year amounted to \$6,574,400. This makes a total of \$60,841,277 which has been allocated to the employee retirement program since its inception. The Company's obligation at the end of the fiscal year for unfunded past services under the pension plan was estimated at \$46,900,000.

**Labor Costs,
Taxes Increase
During 1970**

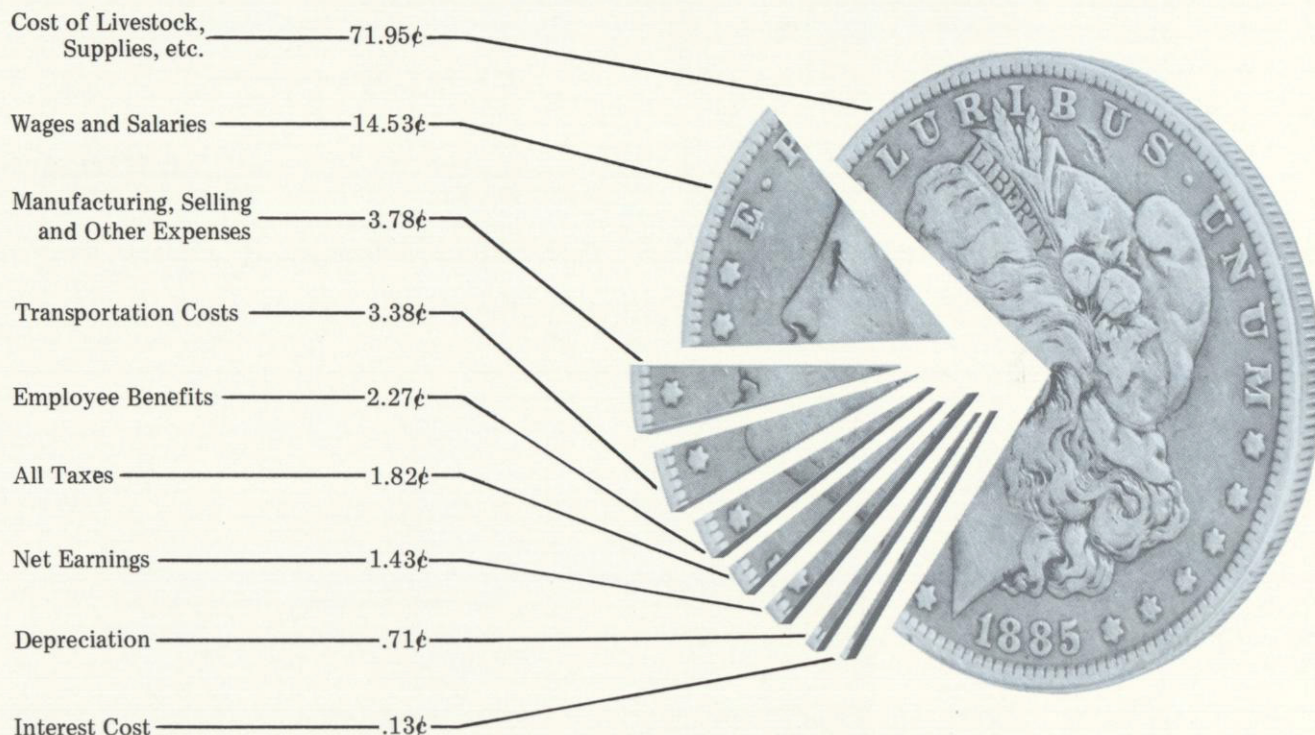
Locations affected by a cost-of-living provision in their union agreements had wages increased by nine cents per hour in January, 1970. Following the pattern established by National meat packing companies in their contract settlements with the Amalgamated Meat Cutters and Butcher Workmen of North America, the Company adjusted the basic rates called for in agreements with this union by an increase of 32 cents per hour, effective in April, 1970. This increase incorporates a provision for an increase in the cost-of-living. No further changes in basic rates are called for until September, 1971.

The national pattern of contract settlement in the industry also included substantial increases in fringe benefits. Pension adjustments in our agreements call for an increase to \$6.25 per month per year of service from \$5.25, effective January, 1971.

Taxes for the year came to a total of \$12,648,068, an increase of \$388,314 from the previous year. State and local taxes accounted for much of the increase in taxes.



DISTRIBUTION OF SALES DOLLAR



Bank Term Loan Balance Is Reduced By Company

The bank term loan showed a balance of \$2,008,000 at the end of the year. The next installment of \$998,000 is due on March 15, 1971.

Stockholders' Investment Is Increased to \$83,081,361 in 1970

The stockholders' investment on October 31, 1970, amounted to \$83,081,361. This was an increase of \$6,600,900 over the prior year.

Cattle, Hog Supplies Are Projected For 1971 Fiscal Year

It is anticipated that there will be no significant change from 1970 in the numbers of cattle coming to market in the year ahead. Hog supplies are expected to be adequate during most of the year.

Your management is dedicated to the task of continued planned growth. The Company is preparing for the decade of the 1970's with an aggressive program of improving and expanding facilities, together with a general plan of cost control.

STRENGTHENING OUR FUTURE

"...Investment in future to improve economy and efficiency of Company's manufacturing operations..."

For many years, the Hormel Company has recognized the necessity for a carefully-planned and well-executed capital spending program. The construction of new plants and additions to present facilities, along with the development of new products and processes and expansion of current product lines has an important, major effect on the Company's growth.

Engineering design work or actual construction is presently underway for several new production or distribution facilities. Significant plant improvements, designed for greater efficiency in existing operations, are also being made. This investment in the future will greatly increase the Company's capabilities to manufacture with increased economy and efficiency in the years ahead.

Dry Sausage Plant
Now Operating
In Algona, Iowa

Production operations started in early fall of 1970 at the Hormel Company's Dry Sausage manufacturing plant in Algona, Iowa. The one-story, 85,000 square foot struc-



The Algona, Iowa, Dry Sausage manufacturing plant.



Interior views of the new Algona facility.

ture has facilities for manufacturing, processing and packaging as well as warehouse and office space.

The new Algona plant has been designed with the very latest in sanitary, engineering and processing techniques. Only the finest and most modern manufacturing equipment available today, including Hormel designed, custom-built smokehouses and drying rooms, have been installed to assure production of a top-quality product and full utilization of both physical and human resources.

With the completion of this new facility, the Hormel Company now has Dry Sausage manufacturing operations at three locations — Austin, Minn., and Algona and Fort Dodge, Iowa.



Photo of Albany, Ga., distribution plant taken while under construction.

Albany Plant Opened; Dallas Facility Is Nearing Completion

A 9,000 square foot distribution outlet, located on a three-acre site of land in the SeaBoard Industrial Park in Albany, Ga., was completed recently.

This installation has facilities for a provisions cooler, beef cooler, a sharp freezer, dry storage area, plus office space for sales and administrative personnel. This distribution plant will facilitate the movement of product to retail and wholesale markets in the southern Georgia and northern Florida areas.

The Dallas distribution plant — one of the largest and most mechanized buildings ever developed by the Hormel Company — is expected to be completed and ready for occupancy in February, 1971.

This 93,500 square foot plant will have processing and packaging lines for the famous Hormel Cure/81 Ham and other Company smoked meat items. A bacon slicing and packaging line will be installed along with warehouse and shipping facilities for the distribution of fresh and processed meat products.

Construction Started On New Plant In Renton, Wash.

Construction was started in late fall for a new 66,270 square foot distribution plant in Renton, Wash., a city located approximately 15 miles southwest of Seattle. The new plant is being built on a five-acre site of land in the Earlington Industrial Park.

A variety of fresh sausage and smoked meat products will be manufactured in the new Renton distribution plant. A forward-flowing continuous wiener processing system will provide greater production capabilities and assure uniform quality control. Bacon slicing and packaging lines will be installed and abundant cooler and freezer space will also be included for increased holding capacity.

Shreveport, Oklahoma City Are Proposed Sites For Other Hormel Plants

The Hormel Company's capital improvements program will continue into fiscal 1971. Over \$10 million will again be expended to provide for new plant construction and improvements in existing facilities and equipment.

A new distribution plant in Shreveport, La., being considered for construction in 1971, will improve markedly the distribution efficiency in that area and permit better service to Hormel customers.

Studies are currently underway and plans are developing for construction of a proposed manufacturing plant in Oklahoma City, Okla., for the Company's Hereford Heaven Brand of products.

Several desirable sites are now being evaluated in Houston, Texas. Construction of a new distribution plant will be scheduled in the future.

Other Capital Additions, Improvements Completed; More Planned For 1971

In Austin, the Hormel Company acquired a plant formerly owned by the Weyerhaeuser Company. This 66,360 square foot building now houses administrative personnel in the Company's Industrial Products and Food Service Divisions, along with personnel in the Public Relations Department.

Extensive renovation and modernization work is now being performed inside the plant area to accommodate expanded production operations for spices and gelatin desserts. Installation of equipment and machinery will follow and all manufacturing and packaging lines will be fully operative in early 1971.

At Fort Dodge and Fremont, in addition to modernizing several plant departments, substantial expenditures were made for the construction of added cooler and freezer space for pork cuts and beef sides and quarters. These major capital investments will enable the production capacity of both plants to be increased measurably while also effecting cost reductions.

A major addition will be made this year to the Market Shipping Department at the Austin plant. Construction will start on the 80 x 232 foot building which will serve as a central marketing or holding area for all product which is to be shipped to Hormel customers via rail car or truck.



The Dallas, Texas, distribution plant.



Construction underway in Renton, Wash.

1970



FINANCIAL SECTION

TEN YEAR REVIEW

(In thousands of dollars)

OPERATIONS	1970**	1969	1968
Net Sales	\$695,768	\$626,017	\$585,879
Net Earnings	9,933	9,236	9,134
Per Cent of Sales	1.43%	1.48%	1.56%
Wage Costs	116,921	104,325	98,519
Total Taxes	12,648	12,260	11,833
Depreciation	4,918	3,830	3,578
<hr/>			
FINANCIAL POSITION			
Working Capital	\$ 37,818	\$ 39,339	\$ 40,497
Properties (net)	45,683	38,767	32,211
Total Assets	129,416	115,788	108,484
Stockholders' Investment	83,081	76,480	70,220
<hr/>			
PER SHARE OF COMMON STOCK*			
Net Earnings	\$ 4.17	\$ 3.88	\$ 3.84
Dividends	1.40	1.25	.975
Stockholders' Investment	34.90	32.13	29.50

*Adjusted for Stock Split.

**53 Weeks

1967	1966	1965	1964**	1963	1962	1961
\$548,819	\$491,733	\$441,600	\$411,827	\$393,740	\$384,742	\$384,145
8,658	3,511	4,351	5,725	2,965	3,062	3,147
1.58%	.71%	.99%	1.39%	.75%	.80%	.82%
91,409	78,399	78,618	79,743	74,509	73,581	71,574
9,633	4,774	4,950	6,477	4,922	4,211	4,814
3,417	3,198	2,902	2,527	2,508	2,353	2,400
\$ 37,707	\$ 33,489	\$ 26,668	\$ 25,768	\$ 26,329	\$ 29,152	\$ 30,281
29,164	28,293	28,248	26,988	22,376	20,663	19,345
104,898	86,096	80,274	79,269	70,848	69,752	70,465
63,407	57,188	55,306	52,868	48,818	47,527	46,138
\$ 3.64	\$ 1.48	\$ 1.83	\$ 2.41	\$ 1.25	\$ 1.29	\$ 1.32
1.025	.70	.80	.70	.70	.70	.70
26.64	24.03	23.24	22.21	20.51	19.97	19.38

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	October 31, 1970	October 25, 1969
CURRENT ASSETS		
Cash	\$10,745,126	\$11,503,811
United States Government and other marketable securities — at cost which approximates market	9,013,149	6,667,003
Accounts receivable, less allowance \$100,000	30,363,633	30,995,994
Inventories of products, livestock, packages and materials — at lower of cost (principally first-in, first-out) or market	32,152,959	26,881,732
Prepaid insurance and other expenses	868,017	589,523
TOTAL CURRENT ASSETS	\$83,142,884	\$76,638,063
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$40,162,401	\$33,858,739
Dividend payable November 15	833,087	833,087
Federal income taxes	3,331,256	1,609,337
Payments due within one year on long-term debt	998,000	998,000
TOTAL CURRENT LIABILITIES	\$45,324,744	\$37,299,163
WORKING CAPITAL	\$37,818,140	\$39,338,900
INVESTMENTS — at cost	590,154	382,433
PROPERTY, PLANT AND EQUIPMENT — on the basis of cost		
Land	\$ 1,430,164	\$ 1,304,400
Buildings	37,039,173	31,755,662
Equipment	45,762,566	40,896,437
Construction in progress	3,726,004	3,870,244
Less allowances for depreciation	(42,274,840)	(39,059,615)
	<u>\$45,683,067</u>	<u>\$38,767,128</u>
	\$84,091,361	\$78,488,461
LONG-TERM DEBT — less amounts due within one year		
Notes payable to banks, 5¼%, due \$1,010,000 March, 1972	1,010,000	2,008,000
STOCKHOLDERS' INVESTMENT	\$83,081,361	\$76,480,461
See note to consolidated financial statements.		

STATEMENT OF CONSOLIDATED STOCKHOLDERS' INVESTMENT

	Fiscal Year Ended	
	October 31, 1970	October 25, 1969
CAPITAL STOCK (at end of year)		
Preferred Stock, par value \$100 a share:		
Authorized 50,000 shares		
Issued — none		
Common Stock, par value \$3.75 a share:		
Authorized 3,000,000 shares		
Issued and outstanding 2,380,248 shares	\$ 8,925,930	\$ 8,925,930
Additional paid-in capital	1,986,315	1,986,315
	<u>\$10,912,245</u>	<u>\$10,912,245</u>
EARNINGS REINVESTED IN BUSINESS		
Balance at beginning of year	\$65,568,216	\$59,307,925
Net earnings for year	9,933,247	9,235,601
	<u>\$75,501,463</u>	<u>\$68,543,526</u>
Deduct cash dividends on Common Stock (1970 — \$1.40 a share; 1969 — \$1.25 a share)	3,332,347	2,975,310
Balance at end of year	<u>\$72,169,116</u>	<u>\$65,568,216</u>
 TOTAL STOCKHOLDERS' INVESTMENT	 <u>\$83,081,361</u>	 <u>\$76,480,461</u>
See note to consolidated financial statements.		

STATEMENT OF CONSOLIDATED EARNINGS

	Fiscal Year Ended	
	October 31, 1970	October 25, 1969
Sales, less returns and allowances	\$695,768,388	\$626,017,304
Interest and other income	19,218	78,253
	<u>\$695,787,606</u>	<u>\$626,095,557</u>
Costs and expenses:		
Cost of products sold	\$606,852,832	\$546,976,097
Selling and delivery expenses	59,199,137	52,352,003
Administrative and general expenses	8,807,971	7,309,649
Interest	880,675	287,207
	<u>\$675,740,615</u>	<u>\$606,924,956</u>
EARNINGS BEFORE INCOME TAXES	\$ 20,046,991	\$ 19,170,601
Federal income taxes	10,113,744	9,935,000
NET EARNINGS (Per share 1970 - \$4.17; 1969 - \$3.88)	<u>\$ 9,933,247</u>	<u>\$ 9,235,601</u>
Provision for depreciation under accelerated methods included in costs and expenses 1970 - \$4,917,699; 1969 - \$3,829,716		

See note to consolidated financial statements.

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS OCTOBER 31, 1970

NOTE A — PENSION PLANS

The Company has several pension plans covering substantially all of its employees. The total pension expense for the year was \$6,574,400 which includes amortization of prior service cost over a thirty-year period from date of inception or date of amendment of the plans. The Company's policy is to fund pension cost accrued. The actuarially computed value of vested benefits for all plans as of October 31, 1970, exceeded the total of the pension funds by approximately \$22,800,000. The unfunded prior service cost was estimated to be \$46,900,000 at October 31, 1970.

ACCOUNTANTS' REPORT

ERNST & ERNST

FIRST NATIONAL BANK BLDG.

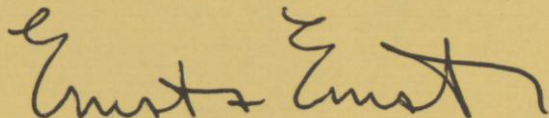
MINNEAPOLIS, MINN. 55402

To the Stockholders and Board of Directors
Geo. A. Hormel & Company
Austin, Minnesota

We have examined the statement of consolidated financial position of Geo. A. Hormel & Company and subsidiaries as of October 31, 1970 and the related statements of consolidated earnings and stockholders' investment for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of consolidated financial position, earnings and stockholders' investment present fairly the consolidated financial position of Geo. A. Hormel & Company and subsidiaries at October 31, 1970 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Minneapolis, Minnesota
November 20, 1970

A handwritten signature in dark ink, appearing to read "Ernst & Ernst", is written in a cursive, stylized script.

DIRECTORS

E. C. Alsaker
 Raymond J. Asp
 Sherwood O. Berg
 Harold B. Butler
 Bruce Corey
 Robert M. Gill

I. J. Holton
 James C. Hormel
 L. D. Housewright, Jr.
 Gordon Murray
 R. F. Potach
 M. B. Thompson

OFFICERS

M. B. Thompson	Chairman of the Board
I. J. Holton	President
Raymond J. Asp	Group Vice President
Harold B. Butler	Group Vice President
L. D. Housewright, Jr.	Group Vice President
Bruce Corey	Vice President
N. D. Gahagen	Vice President
Robert M. Gill	Vice President
Clayton T. Kingston	Vice President
James A. Silbaugh	Vice President
Donald S. Sorenson	Vice President
E. C. Alsaker	Treasurer
Charles D. Nyberg	Secretary
R. F. Potach	Controller
Don J. Hodapp	Assistant Controller
Richard W. Schlange	Assistant Controller
Walter B. Stevens	Assistant Treasurer
Robert J. Thatcher	Assistant Treasurer

R & D: MEETING TOMORROW'S NEEDS

"Hormel mission
is to sell
combination of
nutrition
and enjoyment
to consumers..."

The Hormel Company's Research and Development Division is looked to for the development of new and better food products and for finding improvements in existing product lines — thereby creating new bases for growth in the years ahead.

The Company's professionally-trained researchers have other important functions, however, which go beyond the discovering of quality products and built-in conveniences. The Research and Development Division is also keenly concerned with the nutritional values of food products. As a result, major emphasis is placed on the need for balanced proteins, fats, calories and vitamins in the diets of all consumers.

Hormel Recognizes Responsibility Of Helping Homemakers

The purchase, preparation and consumption of food take more of a mother's day than anything else. She must make decisions several times every day on the basis of what makes a "proper meal" — breakfast, lunch, or dinner — and what constitutes a "balanced diet."

One of the guiding principles of the Hormel Company has always been to sell a combination of nutrition and enjoyment in its diversified line of food products. We are committed to sharing the responsibility for the health, growth, well-being and long life of all consumers through the production of products with the highest standards of quality, purity, wholesomeness and nutrition.



Eat the basic 4 foods every day.



Hormel Endorses Food Council of America Awareness Campaign

Questions are frequently raised about the nutritional soundness of Americans' eating habits. For over three-quarters of a century, the Hormel Company has worked to develop products which assist homemakers in planning a nutritionally adequate diet. New food items are being researched which have the vitamins, minerals and other elements to assure a good level of nutrition. Hormel is very conscious of its obligation to the consumer.

In addition, the Hormel Company has joined with other manufacturers, processors, wholesalers and retailers in support of a massive campaign to increase nutritional awareness by American families.

This campaign is conducted under the auspices of the Food Council of America and is aimed at encouraging consumers to choose well-balanced and nutritional meals for their families. The campaign theme, "Eat the Basic 4 Foods Every Day," is reproduced elsewhere on this page.

For nutrition and enjoyment, millions of consumers look to Hormel — manufacturers of Fine Food Products.

During the past year, consumer acceptance of the Company's Meat Products Group line was stronger than ever. New products and improvements in existing products were introduced, attractive new package designs were implemented, and distribution of established products were expanded.

As a result of an extensive research and development program, the Hormel Company has recently introduced a lean, small boneless ham in several U. S. test markets.

This new product is known as the Curemaster Family Ham and is primarily designed for a specific segment of the ham market. It weighs between 1½ to 2¼ pounds. The Curemaster Family Ham is ideal for four to six servings and is aimed at making ham an everyday family meal.



The Curemaster Family Ham.

MEAT PRODUCTS GROUP

"New products
to consumer...package
designs improved...
distribution of
established products
is expanded..."



New Mary Kitchen Pie Crust.

New, Ready-to-Roll Pie Crust From Mary Kitchen

For many years, the Hormel Company has catered to good taste in America through the development of "home-made" items like Mary Kitchen Roast Beef Hash and Mary Kitchen Corned Beef Hash.

Now, there is a new, ready-to-roll pie crust marketed under the Mary Kitchen brand name. Pre-mixed and moistened, Mary Kitchen makes a flaky, tender pie crust that also has that "home-made," prepared-from-scratch taste.

It was introduced in test markets in the southwestern and north central United States during November-December, the peak pie-baking season of the year. It will soon be found in the refrigerated dairy case of your store.

**Exact Weight
Dry Sausages
In New Package**

The Hormel Company's seven exact weight, vacuum-packed Dry Sausages are now being marketed in new packages. The colorful design remains much the same but the package itself is smaller. The entire product line is hung on a display rack and sets in a refrigerated meat case for easy selection by the consumer.

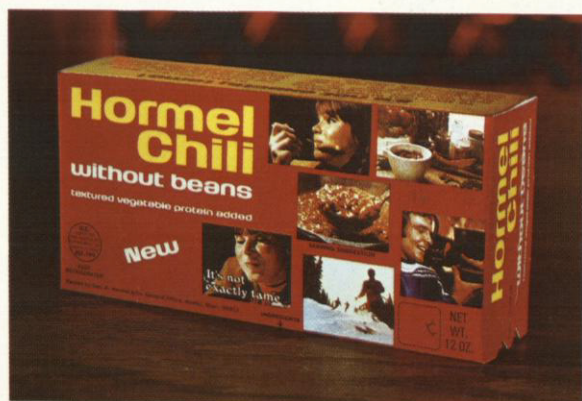
These popular products — Di-Lusso Genoa, Tangy Summer Sausage, Pepperoni, Hard Salami, Piccolo Salami, Old Smokehouse Thuringer and Range Brand Summer Sausage — are packaged in chunks weighing six and seven ounces. The chunks measure 5½ inches long and 1½ inches in diameter and the ends are square cut.

**Hormel Chili
Now Sold In
"Brick" Form**

In 1971, steps will be taken to further improve the distribution of popular Hormel products.

Hormel Chili, already the largest selling canned chili in the country, is now being made available in "brick" form. This new and exciting product will be sold in the refrigerated meat case.

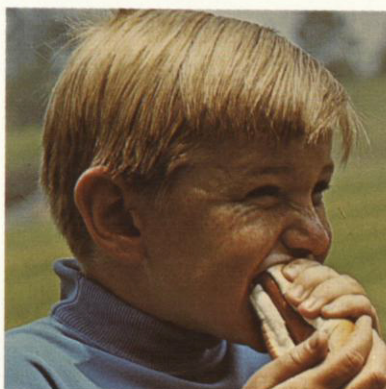
A new concept in packaging design is also being introduced. Colorful scenes from the Hormel Chili television commercials are being reproduced on the face of the Hormel "brick" Chili package.



Hormel "brick" Chili.



Seven favorite Dry Sausage products.



Hormel Wieners — A real taste treat!

**Not Too Spicy
For Kids Promotion
Spurs Wiener Sales**

Hot dogs are as American as baseball and are an important segment of the Hormel Company's

growing business. The "Not too spicy for kids" theme adopted several years ago has dramatically raised the Company's wiener sales.

Major improvements have been made in the Company's production capabilities for wieners — assuring uniformity of product as to flavor, taste, color and size. This has been complemented with the "Not too spicy for kids" theme which has been used in newspaper and magazine advertisements and in commercials on radio and television.

**Hormel "Kitchen
Quarterbacks" Is
1970 NFL Promotion**

In 1965, the Hormel Company was the first food manufacturer to join with the National Football League in the sponsorship of a "training table" promotion. The past year was highlighted with a dynamic new promotion titled "Kitchen Quarterbacks."

This exciting nationwide campaign was "kicked off" with advertisements in Life, McCall's, Ebony and Better Homes and Gardens. Local advertisements appeared in selected areas and eye-appealing in-store materials, including large helmet posters and equally large reproductions of the "Kitchen Quarterbacks," called immediate attention to this new promotion.

GROCERY PRODUCTS DIVISION

"New decade of growth started... Convenience and quality built into Hormel canned meat items..."

The year 1970 began a new decade of growth and expansion for the Company's Grocery Products Division. Innovation and translation of product ideas into reality has kept this Division ahead of competition and abreast of changing consumer demands. Convenience and quality is built into the Hormel canned meat line — making it easy for today's homemakers to prepare varied, interesting meals for the entire family.

New Tastes Of SPAM Now In Test Markets

Something Old, Something New is being offered to consumers this year from the makers of SPAM — the largest selling canned meat item in the world.

Adhering to the philosophy that variety is the spice of life, the Hormel Company has flavored SPAM and is now in test markets with two entirely new taste ideas. Smoke Flavored SPAM and SPAM with Cheese Chunks are the two recent innovations which are directed to reach today's generation with new high-quality, nutritious foods at a fair price.

The same lean, juicy pork shoulder and famous Hormel Ham is used in the manufacture of these two new items. Smoke Flavored SPAM, however, has that added tang of smoke in every bite and SPAM with Cheese Chunks has golden nuggets of cheese throughout the loaf.



New tastes of SPAM now being introduced in test markets.

**E.X.L., Newest
Hormel Canned Ham,
Is Introduced**

The Hormel Company's newest canned ham — the E.X.L. Ham — was introduced just prior to Thanksgiving in selected markets across the country.

The E.X.L. is an extra lean, boneless ham that is topped with a sugar and spice glaze and then baked in its own natural juices. It is packed in a new resealable, easy-open plastic container. It is the only canned ham that carries the unique, unconditional guarantee of quality on the label.



The E.X.L. Ham.

Full color advertisements have appeared in women's service magazines and television commercials have been used in the test markets where the product is now available.



Hormel Extra Hot Chili.

**Hormel Chili
Product Line
Also Expanded**

Some like it hot, so that's how Hormel makes it. In 1970, the Hormel Company took additional steps to further increase sales by offering new varieties in taste from well-established product lines.

Hormel Extra Hot Chili is an example of a product that was researched and later developed because of the long-standing popularity of Hormel Chili, America's No. 1 selling chili. Extra Hot Chili has already established its own success story and is now available in both the 7½ oz. and 15 oz. sizes to consumers everywhere.



This is Dinty Moore.

**New Salesman
For Dinty
Moore Products**

Millions of Americans — many of whom, hopefully, are hearty beef stew eaters — now have an opportunity to meet the Company's newest salesman.

His first name's Dinty and the second name's Moore. He is the new animated character that is currently building more sales and developing a new level of excitement and enthusiasm for the Dinty Moore brand.

American housewives are now seeing and hearing a great deal of Dinty. He is appearing on daytime and nighttime television on all three major networks, in major women's and family magazines, in trade publications and in point-of-purchase and other in-store display materials.



Scalloped Potatoes 'n Ham.

**Hormel Scalloped
Potatoes 'n Ham
Has New Label**

Hormel Scalloped Potatoes 'n Ham was first introduced in 1967 as part of the Company's 7½ oz. hot food vending line. Continually growing sales prompted the Hormel Company to market this item in the 15 oz. size as well, but in an entirely different label design.

Since Scalloped Potatoes 'n Ham is recognized as a great old American dish, Hormel wanted to convey this same nostalgic, rich-in-tradition feeling to today's housewives. A new product label was created which effectively illustrated this image through a multi-color, needle-point design.



Eight flavors of Fiesta gelatin desserts.

Two years ago, the Hormel Company introduced the Fiesta brand of gelatin desserts. Eight flavors, packed in 3 oz. and 6 oz. family sizes, were included in this product line — Strawberry, Lemon, Orange, Black Cherry, Cherry, Raspberry, Lime and Black Raspberry. Three new “wild” flavors — Wild Cherry, Wild Strawberry and Wild Raspberry — will be moved into national distribution in 1971. A new label design for the Fiesta packages will be implemented early next year in a concentrated effort to create a greater consumer awareness of the full product line.

Hormel, already the third largest manufacturer and distributor of packaged gelatin desserts, will also be introducing in 1971 six varieties of 4 oz.-size cooked and instant puddings. These, too, will be under the Fiesta label and will include Vanilla, Butterscotch, Lemon, Tapioca, Dark Chocolate and Light Chocolate.

INDUSTRIAL PRODUCTS DIVISION AND FOOD SERVICE DIVISION

“Industrial products sales rise...new products for food service industry are introduced...”

Hormel Is Major Supplier Of Bulk Gelatin In U. S.

The Company's capacity for producing bulk gelatin was materially expanded during the year. Major plant improvements were made to increase operational reliability and efficiency, custom-built equipment and machinery were installed and the latest in new processing techniques were also added — providing a modern and complete operation for what has become an important and steadily growing part of our business.

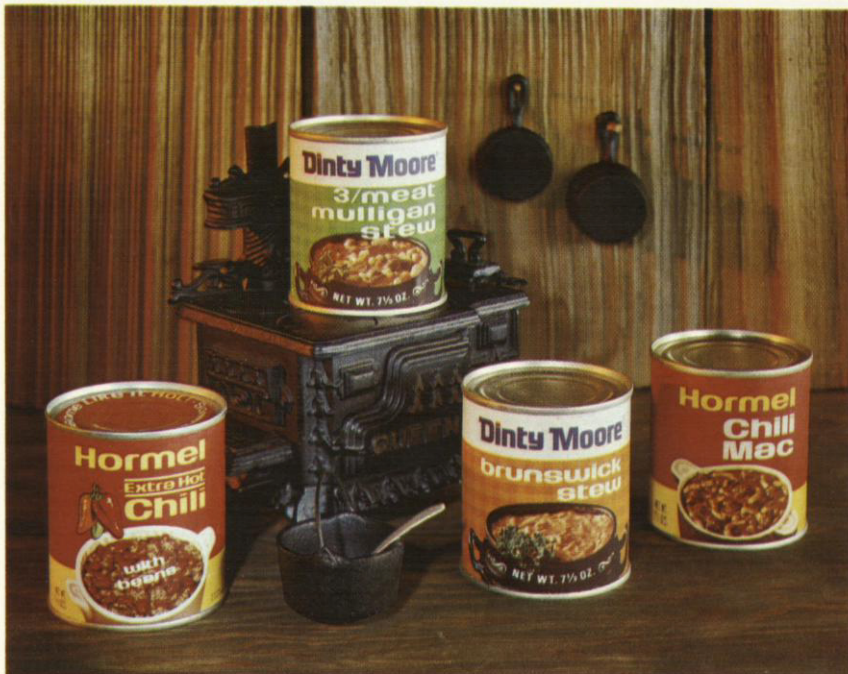
**Animal Glands
Supplied By Hormel
For Life-Saving Drugs**

The Hormel Company is well-known for its role in providing today's housewives with nutritious foods of the highest quality. To the pharmaceutical industry, however, Hormel is also noted as an important supplier of raw materials for medications which can be derived only from animal sources.

Hormel saves the pancreas from which insulin is extracted, and the pituitary, parathyroid and suprarenal glands, and others, for sale to pharmaceutical houses which then process and extract them for various medicinal purposes.

**New Vending Items
Introduced By
Food Service Division**

Hormel introduced within the past year four exciting new hot food vending items — Dinty Moore Brunswick Stew, Dinty Moore 3/ Meat Mulligan Stew, Hormel Chili Mac and Hormel Extra Hot Chili. This raises to 16 the number of 7½ oz. products that Hormel has moved into nationwide vending and mobile catering markets.



New vending items were introduced in 1970.

This "casserole" vending line is now being marketed in the all-aluminum E-Z Open cans. The container is sparkling clean and appealing to the

eye. The lift-off top has an easy-to-open quality that may make can openers extinct.

**Chefs' Delight
Frozen Entree
Line Is Expanded**

There are 35 frozen prepared entrees now packaged and distributed by the Hormel Company. Three new ones were added this year — Lasagna, Filet of Haddock in Butter Sauce and Fiesta entree, a Mexican-style lasagna.

**Hormel Is Distributor
For Welch Foods'
Fruit Juices, Drinks**

An agreement was reached in mid-1970 between the Hormel Company and Welch Foods, Inc., of Westfield, New York, providing for a mutual marketing and distributing system to the vending trade.

The terms of this agreement establish Hormel as the exclusive vending trade distributor of Welch Foods' complete line of top-quality fruit juices and drinks. This 5½ oz. line includes Grapefruit, Prune, Apple, Grape, Orange and Tomato juices.



Hormel markets and distributes this line of Welch's juices.

An agreement was signed in 1970 creating a joint venture company owned by J. M. Schneider Limited of Kitchener, Ontario, and by a subsidiary of the Hormel Company.

The new company was established to produce and market a complete line of canned meat products and dry sausages in Canada.

Under terms of the agreement, Hormel is supplying Schneider-Hormel with 11 different varieties of Italian-style dry sausages, including DiLusso Genoa, San Remo Genoa, Prosciutti Hams, Pepperoni, Capocollo and Parma Ham Rolls, and five others. Included in the canned meats line is SPAM, already a favorite in the Canadian market.

Schneiders will provide their full line of canned meat products — Midget Pear-shaped Hams, Hams and Picnics, Irish Stew, Chili Con Carne, Meat Balls and Gravy, Meat Balls and Spaghetti Sauce, and many more. They will also supply several varieties of sausages.

The dry sausages will be imported from the Hormel Company's Austin, Minn., plant while the canned goods and Schneiders' present line of sausages will be manufactured in Kitchener. Schneider-Hormel will distribute products only in Canada.

Hormel-Cerebos Completes First Year Of Marketing SPAM In Australia

Hormel-Cerebos successfully concluded its first complete year of marketing SPAM in Australia. The first year's projections were exceeded.

Hormel-Cerebos is involved in a market research project which may lead to new product introductions during 1971.

INTERNATIONAL

“...Formation of
joint venture companies
and other activities
aids expansion
into new markets
for Hormel...”

New Manufacturing, Sales Facilities Started In Okinawa

The Hormel Company has taken a financial interest in The First Enterprise Corporation of Okinawa. The Okinawan company has manufacturing facilities near Naha and is presently producing Mary Kitchen Corned Beef Hash. It is expected that in the next 12 months additional Hormel products will be produced and sold in Okinawa.

Hormel has also taken a financial position in the Okinawa Premier Food Sales Company which was established for the purpose of marketing food products in Okinawa.

New Hormel Company Is Established In Philippine Islands

A new Hormel company was established in the Philippines this year. It is a joint venture with a Filipino group who as agents have successfully handled Hormel products in that market for many years. The new company will be a manufacturing base for Hormel in the Philippines. It is anticipated that local manufacturing of certain products will commence during 1971.

Other International Activities Conducted By Hormel Company

The Hormel Company has patents on meat packing machinery and processes which are currently being licensed around the world. In addition, sales rights to other food machinery and processing systems have been obtained and are being marketed. In order to centralize this growing activity, a new company has been established in central Europe.







